

TOWN OF TEMPLE, OKLAHOMA

FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT

JUNE 30, 2022

**TOWN OF TEMPLE, OKLAHOMA**  
**TOWN OFFICIALS**  
**JUNE 30, 2022**

Mr. Reuben Pulis	Mayor
Ms. Callie Giles	Vice-Mayor
Mr. Foster Morris	Trustee
Mr. Fritz Burrow *	Trustee
Mr. Larry James	Trustee
Mr. Jody Holdbrook	Town Clerk/Treasurer

\* Appointed as Chairman of the Temple Utilities Authority  
and Temple Development Trust as of April 19, 2021

**TOWN OF TEMPLE, OKLAHOMA  
TABLE OF CONTENTS  
JUNE 30, 2022**

	<b><u>PAGE NUMBER</u></b>
INDEPENDENT AUDITOR'S REPORT	1 - 5
ACCOMPANYING FINANCIAL STATEMENTS - MODIFIED CASH BASIS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Assets, Liabilities and Net Position	6
Statement of Activities	7
FUND FINANCIAL STATEMENTS	
Governmental Funds	
Balance Sheet - Governmental Funds	8
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	10
Proprietary Fund Type - Enterprise Fund	
Statement of Assets, Liabilities and Net Position	11
Statement of Revenues, Expenses, and Changes in Net Position	12
Statement of Cash Flows	13
Notes to Financial Statements	14 - 30

**TOWN OF TEMPLE, OKLAHOMA**  
**TABLE OF CONTENTS**  
**JUNE 30, 2022**

**(Continued)**

	<b><u>PAGE</u></b> <b><u>NUMBER</u></b>
OTHER SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Modified Cash Basis - General Fund	31
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Modified Cash Basis - Landfill Fund	32
Combining Balance Sheet - Other Governmental Funds - Modified Cash Basis	33
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Other Governmental Funds - Modified Cash Basis	34
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance Based on an Audit of the Financial Statements Performed in Accordance with <u>Government</u> <u>Auditing Standards</u>	35 - 37
Statement of Findings and Responses	38 - 39
Update on Prior Year Audit Finding and Responses	40 - 42

# McCulley



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# McCulley

*Certified Public Accountants*

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## INDEPENDENT AUDITOR'S REPORT

To the Town Trustees  
Town of Temple, Oklahoma

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the town of Temple, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise of the Town of Temple, Oklahoma's, financial statements as listed in the table of contents.

#### Unmodified Opinions

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, the Temple Development Trust, each governmental major fund, and the aggregate remaining fund information of the Town of Temple, Oklahoma, as of June 30, 2022, and the respective changes in financial position - modified cash basis and, where applicable, the cash flows - modified cash basis of the Temple Development Trust for the year then ended in conformity with the modified cash basis of accounting described in Note 1.

#### Qualified Opinions

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion on the Business-type Activities and Temple Utilities Authority" paragraph, the financial

statements referred to above present fairly, in all material respects, the financial position of the business-type activities and Temple Utilities Authority, as of June 30, 2022, and the changes in financial position - modified cash basis and, where applicable, the cash flows - modified cash basis of the business-type activities and Temple Utilities Authority for the year then ended in conformity with the modified cash basis of accounting described in Note 1.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Basis for Qualified Opinion on the Business-type Activities and Temple Utilities Authority**

In performing the audit of the Temple Utilities Authority, we were unable to obtain sufficient audit evidence concerning the balances of the long term liabilities and water storage escrow account with the Waurika Lake Master Conservancy District. The effect of not being able to obtain this audit evidence could have an effect on the outstanding balances of these long term liabilities, water storage escrow account, debt service funds, and their related disclosures shown in these financial statements.

### **Emphasis of Matter - Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The Town of Temple, Oklahoma, prepares its financial statements on the modified-cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Responsibility of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash

basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to error or fraud.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

1. Exercise professional judgment and maintain professional skepticism throughout the audit.
2. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
3. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
4. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the

financial statements.

5. Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's accompanying modified cash basis financial statements. The accompanying combining financial information presented in the Other Supplementary Information section is presented for purposes of additional analysis and is not a required part of the accompanying modified cash basis financial statements of the Town of Temple, Oklahoma. The budgetary comparison information on pages 31 - 32 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the accompanying financial statements, and accordingly, we do not express an opinion or provide any assurance on it. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the accompanying modified cash basis financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements is fairly stated in all material respects in relation to the accompanying modified cash basis financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued a report dated February 28, 2023, on our consideration of the Town of Temple, Oklahoma's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the



effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Temple, Oklahoma's internal control over financial reporting and compliance.

*McCulley & McCulley*

Weatherford, Oklahoma

February 28, 2023

**TOWN OF TEMPLE, OKLAHOMA**  
**STATEMENT OF ASSETS, LIABILITIES AND NET POSITION**  
**MODIFIED CASH BASIS**  
**JUNE 30, 2022**

	PRIMARY GOVERNMENT		
	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash on Hand	\$ 250	\$ 125	\$ 375
Cash in Bank	287,432	221,670	509,102
Certificate of Deposits	6,946		6,946
Designated Assets:			
Cash in Bank	39,124	217,182	256,306
Certificate of Deposits		128,232	128,232
Water Storage Escrow Account		21,659	21,659
Due from (to) Other Funds	53,113	(53,113)	0
Restricted Assets:			
Cash in Bank		24,138	24,138
Certificate of Deposits		18,000	18,000
Debt Service Reserve Funds		5,647	5,647
Debt Service Funds		18,598	18,598
Landfill Financial Assurance CD	129,745		129,745
Capital Assets			
Net of Accumulated Depreciation		1,288,052	1,288,052
<b>TOTAL ASSETS</b>	<u>516,610</u>	<u>1,890,190</u>	<u>2,406,800</u>
<b>LIABILITIES</b>			
Payroll Taxes Payable	684	2,199	2,883
Customer Deposits Payable		42,113	42,113
Long-term Liabilities:			
Due Within One Year		47,371	47,371
Due in More Than One Year		447,136	447,136
<b>TOTAL LIABILITIES</b>	<u>684</u>	<u>538,819</u>	<u>539,503</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets		793,545	793,545
Restricted Net Position:			
Restricted for Landfill Closure	129,745		129,745
Restricted for Street and Alleys	35,619		35,619
Restricted for Debt Service		24,245	24,245
Unrestricted Net Position	350,562	533,581	884,143
<b>TOTAL NET POSITION</b>	<u>\$ 515,926</u>	<u>\$ 1,351,371</u>	<u>\$ 1,867,297</u>

The accompanying notes are an integral part of these statements.

**TOWN OF TEMPLE, OKLAHOMA**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**YEAR ENDED JUNE 30, 2022**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CON- TRIBUTIONS	CAPITAL GRANTS AND CON- TRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
<b>PRIMARY GOVERNMENT</b>							
<b>Governmental Activities:</b>							
Landfill	\$ 56,714	\$ 41,732	\$	\$	\$ (14,982)	\$	\$ (14,982)
Court Fund	98	883			785		785
Fire Department	12,031	19,857		6,443	14,269		14,269
Street and Alleys	4,906		9,111		4,205		4,205
Capital Outlay	32,770				(32,770)		(32,770)
Other Expenditures	166,418				(166,418)		(166,418)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>272,937</b>	<b>62,472</b>	<b>9,111</b>	<b>6,443</b>	<b>(194,911)</b>	<b>0</b>	<b>(194,911)</b>
<b>Business-type Activities:</b>							
Temple Development Trust Activities	2,456	346				(2,110)	(2,110)
Temple Development Trust Capital Outlay	5,247					(5,247)	(5,247)
Interest on Debt	17,546					(17,546)	(17,546)
Water, Sewer, Garbage Utilities Services	621,642	663,322				41,680	41,680
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>646,891</b>	<b>663,668</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,777</b>	<b>16,777</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 919,828</b>	<b>\$ 726,140</b>	<b>\$ 9,111</b>	<b>\$ 6,443</b>	<b>(194,911)</b>	<b>16,777</b>	<b>(178,134)</b>
<b>General Revenues</b>							
Sales and Use Taxes					191,689		191,689
Cigarette Taxes					1,288		1,288
Intergovernmental Revenue					166,980	41,401	208,381
Franchise Taxes					22,795		22,795
Refund of Insurance Reserves					1,642	1,642	3,284
Sales of Assets					600		600
Insurance Proceeds					10,780	15,531	26,311
Rentals/Leases					2,746		2,746
Interest Income					599	1,113	1,712
Other Income					3,258	3,163	6,421
<b>Transfers</b>					(88,590)	88,590	0
<b>Total General Revenues and Transfers</b>					<b>313,787</b>	<b>151,440</b>	<b>465,227</b>
<b>Change in Net Position</b>					<b>118,876</b>	<b>168,217</b>	<b>287,093</b>
<b>NET POSITION</b>							
Beginning of Year					397,050	1,183,154	1,580,204
End of Year					<b>\$ 515,926</b>	<b>\$ 1,351,371</b>	<b>\$ 1,867,297</b>

The accompanying notes are an integral part of these statements.

**TOWN OF TEMPLE, OKLAHOMA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS -**  
**MODIFIED CASH BASIS**  
**JUNE 30, 2022**

	<b>GENERAL FUND</b>	<b>LANDFILL FUND</b>	<b>OTHER GOVERN- MENTAL FUNDS</b>	<b>TOTAL GOVERN- MENTAL FUNDS</b>
<b>ASSETS</b>				
Cash on Hand	\$ 100	\$ 150	\$	\$ 250
Cash in Bank	189,547	15,647	82,238	287,432
Certificate of Deposits	6,946			6,946
Designated Assets:				
Landfill Assurance Savings		39,124		39,124
Due from Other Funds	62,333			62,333
Restricted Landfill Financial Assurance CD		129,745		129,745
<b>TOTAL ASSETS</b>	<b>\$ 258,926</b>	<b>\$ 184,666</b>	<b>\$ 82,238</b>	<b>\$ 525,830</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to Other Funds	\$	\$ 9,220	\$	\$ 9,220
Payroll Taxes Payable	349	335		684
<b>TOTAL LIABILITIES</b>	<b>349</b>	<b>9,555</b>	<b>0</b>	<b>9,904</b>
<b>FUND BALANCES</b>				
Restricted		129,745	35,619	165,364
Assigned		45,366	46,619	91,985
Unassigned	258,577			258,577
<b>TOTAL FUND BALANCES</b>	<b>258,577</b>	<b>175,111</b>	<b>82,238</b>	<b>515,926</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 258,926</b>	<b>\$ 184,666</b>	<b>\$ 82,238</b>	

Amounts reported for governmental activities in the Statement of Assets, Liabilities, and Net Position-Modified Cash Basis are different because:

Long-term debt payable are reported in the General  
Long-term Debt Account Group and therefore are not reported in the funds.

Net Position of Governmental Activities-Modified Cash Basis	\$ <u>515,926</u>
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The accompanying notes are an integral part of these statements.

**TOWN OF TEMPLE, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**YEAR ENDED JUNE 30, 2022**

	<b>GENERAL FUND</b>	<b>LANDFILL FUND</b>	<b>OTHER GOVERN- MENTAL FUNDS</b>	<b>TOTAL GOVERN- MENTAL FUNDS</b>
<b>REVENUES</b>				
Sales and Use Tax	\$ 191,689	\$	\$	\$ 191,689
Cigarette Taxes	1,288			1,288
Franchise Tax	22,795			22,795
Intergovernmental Revenue	166,980		15,554	182,534
Charges for Services		41,732		41,732
Court Revenue			883	883
Donations			19,857	19,857
Rentals/Leases	2,746			2,746
Sales of Assets	600			600
Refund of Insurance Reserves	1,642			1,642
Insurance Proceeds		10,780		10,780
Interest	25	523	51	599
Other Income	1,157		2,101	3,258
<b>TOTAL REVENUES</b>	<u>388,922</u>	<u>53,035</u>	<u>38,446</u>	<u>480,403</u>
<b>EXPENDITURES</b>				
Personal Services	46,403	36,538		82,941
Maintenance and Operations	120,015	20,176	17,035	157,226
Capital Outlays	17,917	12,858	1,995	32,770
<b>TOTAL EXPENDITURES</b>	<u>184,335</u>	<u>69,572</u>	<u>19,030</u>	<u>272,937</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<u>204,587</u>	<u>(16,537)</u>	<u>19,416</u>	<u>207,466</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In		11,736		11,736
Transfers (Out)	(100,326)			(100,326)
<b>TOTAL OTHER FINANCING</b>	<u>(100,326)</u>	<u>11,736</u>	<u>0</u>	<u>(88,590)</u>
<b>NET CHANGE IN FUND BALANCES</b>	104,261	(4,801)	19,416	118,876
<b>FUND BALANCE</b>				
Beginning of Year	154,316	179,912	62,822	397,050
End of Year	<u>\$ 258,577</u>	<u>\$ 175,111</u>	<u>\$ 82,238</u>	<u>\$ 515,926</u>

The accompanying notes are an integral part of these statements.

**TOWN OF TEMPLE, OKLAHOMA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF  
ACTIVITIES - MODIFIED CASH BASIS  
YEAR ENDED JUNE 30, 2022**

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	\$	118,876
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Amounts reported for governmental activities in the Statement of Activities-  
Modified Cash Basis are different because:

No reconciling items.

<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;">118,876</div>
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The accompanying notes are an integral part of these statements.

**TOWN OF TEMPLE, OKLAHOMA**  
**STATEMENT OF ASSETS, LIABILITIES AND**  
**NET POSITION - ENTERPRISE FUNDS - MODIFIED CASH BASIS**  
**JUNE 30, 2022**

	<b>TEMPLE DEVELOPMENT TRUST</b>	<b>TEMPLE UTILITIES AUTHORITY</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Current Assets:			
Cash on Hand	\$	\$ 125	\$ 125
Cash in Bank	85,292	136,378	221,670
Designated Assets:			
Cash in Bank		217,182	217,182
Certificate of Deposits		128,232	128,232
Water Storage Escrow Account		21,659	21,659
Restricted Assets:			
Cash in Bank		24,138	24,138
Certificate of Deposits		18,000	18,000
Debt Reserve Fund		5,647	5,647
Debt Service Funds		18,598	18,598
Total Current Assets	<u>85,292</u>	<u>569,959</u>	<u>655,251</u>
Noncurrent Assets:			
Capital Assets, Net of Accumulated Depreciation		<u>1,288,052</u>	<u>1,288,052</u>
<b>TOTAL ASSETS</b>	<u>\$ 85,292</u>	<u>\$ 1,858,011</u>	<u>\$ 1,943,303</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Payroll Taxes and Withholdings Payable	\$	\$ 2,199	\$ 2,199
Due to Other Funds	339	52,774	53,113
Customer Deposits		42,113	42,113
Current Portion of Long-term Debt		47,371	47,371
Total Current Liabilities	<u>339</u>	<u>144,457</u>	<u>144,796</u>
Noncurrent Liabilities:			
Long term Debt, Net of Current		<u>447,136</u>	<u>447,136</u>
<b>TOTAL LIABILITIES</b>	<u>339</u>	<u>591,593</u>	<u>591,932</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets		793,545	793,545
Restricted for Debt Service		24,245	24,245
Unrestricted	<u>84,953</u>	<u>448,628</u>	<u>533,581</u>
<b>TOTAL NET POSITION</b>	<u>84,953</u>	<u>1,266,418</u>	<u>1,351,371</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 85,292</u>	<u>\$ 1,858,011</u>	<u>\$ 1,943,303</u>

The accompanying notes are an integral part of these statements.

**TOWN OF TEMPLE, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION -**  
**ENTERPRISE FUNDS - MODIFIED CASH BASIS**  
**YEAR ENDED JUNE 30, 2022**

	<b>TEMPLE DEVELOPMENT TRUST</b>	<b>TEMPLE UTILITIES AUTHORITY</b>	<b>TOTAL</b>
<b>OPERATING REVENUES</b>			
Water, Sewer, Garbage and Other Fees	\$	\$ 663,322	\$ 663,322
Other Revenues	346	3,163	3,509
<b>TOTAL OPERATING REVENUES</b>	<u>346</u>	<u>666,485</u>	<u>666,831</u>
<b>OPERATING EXPENSES</b>			
Compensation and Benefits		202,351	202,351
Garbage Disposal and Truck Expense		121,821	121,821
Materials and Supplies		13,100	13,100
Depreciation		80,399	80,399
Repair and Maintenance	2,456	16,414	18,870
Fuel and Oil		12,598	12,598
License and Permits		18,034	18,034
Professional Fees		545	545
Service Contracts		67,865	67,865
Utilities and Telephone		25,348	25,348
Waurika Project Participation Costs		34,084	34,084
Office Expense		3,505	3,505
Insurance and Bonds		10,929	10,929
Other Miscellaneous Expense		14,649	14,649
<b>TOTAL OPERATING EXPENSES</b>	<u>2,456</u>	<u>621,642</u>	<u>624,098</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<u>(2,110)</u>	<u>44,843</u>	<u>42,733</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	120	993	1,113
Refund of Insurance Reserves		1,642	1,642
Insurance Proceeds		15,531	15,531
Intergovernmental Revenue		41,401	41,401
Capital Outlay	(5,247)		(5,247)
Interest Expense		(17,546)	(17,546)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>(5,127)</u>	<u>42,021</u>	<u>36,894</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>(7,237)</u>	<u>86,864</u>	<u>79,627</u>
<b>TRANSFERS IN (OUT)</b>			
Transfers In		100,327	100,327
Transfers (Out)	(1)	(11,736)	(11,737)
<b>NET TRANSFERS IN (OUT)</b>	<u>(1)</u>	<u>88,591</u>	<u>88,590</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>(7,238)</u>	<u>175,455</u>	<u>168,217</u>
<b>NET POSITION</b>			
Beginning of Year	<u>92,191</u>	<u>1,090,963</u>	<u>1,183,154</u>
End of Year	<u>\$ 84,953</u>	<u>\$ 1,266,418</u>	<u>\$ 1,351,371</u>

The accompanying notes are an integral part of these statements.



**TOWN OF TEMPLE, OKLAHOMA**  
**STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUNDS - MODIFIED CASH BASIS**  
**YEAR ENDED JUNE 30, 2022**

	<b>TEMPLE DEVELOPMENT TRUST</b>	<b>TEMPLE UTILITIES AUTHORITY</b>	<b>TOTAL</b>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 346	\$ 667,530	\$ 667,876
Cash Paid for Goods and Services		(338,892)	(341,348)
Cash Paid to Employees		(177,890)	(177,890)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>(2,110)</u>	<u>150,748</u>	<u>148,638</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Refund of Insurance Reserves		1,642	1,642
Insurance Proceeds		15,531	15,531
Transfers In		100,327	100,327
Transfers (Out)	(1)	(11,736)	(11,737)
Capital Outlay	(5,247)		(5,247)
			0
<b>Net Cash Provided by (Used for) Noncapital Financing</b>	<u>(5,248)</u>	<u>105,764</u>	<u>100,516</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Cash Received from Intergovernmental Revenue		41,401	41,401
Interest Payment on Long-term Debt		(17,546)	(17,546)
Principal Repayment of Long-term Debt		(43,804)	(43,804)
<b>Net Cash (Used for) Capital and Related Financing Activities</b>	<u>0</u>	<u>(19,949)</u>	<u>(19,949)</u>
<b>Cash Flows from Investing Activities</b>			
Purchases of Capital Assets		(82,832)	(82,832)
Interest Received on Cash and Investments	120	993	1,113
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>120</u>	<u>(81,839)</u>	<u>(81,719)</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(7,238)	154,724	147,486
<b>Balance of Cash and Cash Equivalents</b>			
Beginning of Year	<u>92,530</u>	<u>415,235</u>	<u>507,765</u>
End of Year	\$ <u>85,292</u>	\$ <u>569,959</u>	\$ <u>655,251</u>
<b>Reconciliation of Change in Net Position to Net Cash Provided by Operating Activities:</b>			
Increase (Decrease) in Net Position	\$ <u>(7,238)</u>	\$ <u>175,455</u>	\$ <u>168,217</u>
Adjustments to Reconcile Change in Net Position to Net Cash Provided by (Used for) Operating Activities			
Interest Income	(120)	(993)	(1,113)
Transfer In		(100,327)	(100,327)
Refund of Insurance Reserves		(1,642)	(1,642)
Insurance Proceeds		(15,531)	(15,531)
Intergovernmental Revenue		(41,401)	(41,401)
Capital Outlay	5,247		5,247
Interest Expense		17,546	17,546
Depreciation		80,399	80,399
Transfer Out	1	11,736	11,737
Changes in Assets and Liabilities:			
Decrease in Due from Other Funds		1,199	1,199
Increase in Due to Other Funds		23,284	23,284
(Decrease) in Payroll Taxes Payable		(22)	(22)
Increase in Customer Deposits		1,045	1,045
Total Adjustments	<u>5,128</u>	<u>(24,707)</u>	<u>(19,579)</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	\$ <u>(2,110)</u>	\$ <u>150,748</u>	\$ <u>148,638</u>

The accompanying notes are an integral part of these statements.

**TOWN OF TEMPLE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies.**

The accounting policies of the Town of Temple, Oklahoma, (the Town) do not conform to accounting principles generally accepted in the United States of America as applicable to governments. These standards are set by the Governmental Accounting Standards Board (GASB). The Town uses the modified cash basis of accounting as described below. The following is a summary of the more significant policies.

**A. Reporting Entity.**

The Town of Temple, Oklahoma, is an incorporated town under the provisions of the State of Oklahoma. The Town provides the following services: public safety (fire), streets, and general administrative services. Other services include water, trash and sewer utility operations.

The Town, for financial purposes, includes all of the funds and account groups relevant to the operations of the Town of Temple. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Town of Temple.

The financial statements of the Town include those of any separately administered organization that is controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board. Based on the foregoing criteria, the financial statements of the Temple Utilities Authority (Authority) and Temple Development Trust (Trust) are included in the accompanying financial statements and reported as enterprise funds within the Proprietary fund type. Both entities were created as a public trust with the Town as the sole beneficiary. The Town Trustees also serve as the Trustees of the Authority and Trust.

**B. Accompanying Financial Statements.**

Accompanying financial statements include a Statement of Assets, Liabilities, and Net Position-Modified Cash Basis and Statement of Activities-Modified Cash Basis for the government-wide and business-type activities. The government-wide financial

**TOWN OF TEMPLE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (continued).**

**B. Accompanying Financial Statements (continued).**

statements report on the Town as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the modified cash basis of accounting versus the economic resources measurement focus and the accrual basis of accounting required by generally accepted accounting principles, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effects of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Assets, Liabilities, and Net Position-Modified Cash Basis reports all financial and capital resources of the Town. It is displayed in a format of assets less liabilities equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. Net investment in capital assets are capital assets net of accumulated depreciation and reduced by the outstanding balances of any mortgages or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net position are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provision or enabling legislation. All net position not otherwise classified as restricted are shown as unrestricted. Generally, the Town

**TOWN OF TEMPLE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (continued).**

**B. Accompanying Financial Statements (continued).**

would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

The government-wide Statement of Activities-Modified Cash Basis demonstrates the degree to which the direct expenses of a functional category or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or activity. The Town does not departmentalize its accounting records for expenditures and the Statement of Activities does not reflect expenditures by function or activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, 2) grant and contributions that are restricted to meeting the operational requirements of a particular function or activity, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or activity. Taxes and other revenues not properly included among program revenues are reported instead as general revenues. General revenues normally support the net costs of the functions and programs not covered by program revenues.

Accompanying financial statements also include fund financial statements for the governmental and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds based upon a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined, it also gives governments the option of displaying other funds as major funds. Other nonmajor funds are combined in a single column on the fund financial statements.

**TOWN OF TEMPLE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDING JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (continued).**

**B. Accompanying Financial Statements (continued).**

**Major Funds.**

The following are presented as major funds for the Town:

**Governmental Funds.**

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted in another fund. The general fund is always a major fund.

Landfill Fund - This special revenue fund was used to account for revenue and expenditures for landfill operations and other purposes as deemed appropriate by the governing body.

**Proprietary Fund Types.**

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises (ie. where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town has two major enterprise funds - the Temple Utilities Authority and Temple Development Trust.

**Nonmajor Funds.**

Other Governmental Funds - This column is the summarization of all the nonmajor governmental funds. These were known as special revenue funds under the previous reporting model. Special revenue funds were used to account for all proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**TOWN OF TEMPLE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (continued).**

**C. Measurement Focus and Basis of Accounting.**

The Town uses the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The government-wide financial statements, governmental fund types, and proprietary fund types are reported using the modified cash basis of accounting. Their revenues are recognized when they are actually received and expenditures (expenses) are recognized when actually paid except as noted below. The governmental funds do record its payroll taxes accrued and withheld and long-term debt as a liability. The Temple Utilities Authority books capital assets as assets and depreciates them over their estimated useful lives and books the accrual for payroll taxes accrued and withheld as a payable. It also records any debt incurred. These variations of the cash basis of accounting are generally accepted modifications of the cash basis of accounting.

Under generally accepted accounting principles, the government-wide financial statements would be reported using the economic resources measurement focus and the accrual basis of accounting, as would the proprietary fund statements. Revenues would be recorded when earned and expenses would be recorded when a liability is incurred, regardless of the timing of the related cash flows. The governmental funds would use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues would be recognized when they become measurable and available. Expenditures would be generally recognized when the related fund liability is incurred, provided the liability normally would be liquidated with expendable available financial resources.

**D. Intergovernmental Revenue.**

Intergovernmental revenue represents revenue received from other governmental agencies. These include such items as alcoholic beverage taxes, motor vehicle taxes, gas excise taxes, and grant funds.

**TOWN OF TEMPLE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (continued).**

**E. Operating Revenues and Expenses.**

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the respective enterprise funds. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from nonexchange transactions or ancillary activities.

**F. Cash and Cash Equivalents.**

Cash and cash equivalents for cash flow presentation purposes includes the entity's cash on hand, cash in bank, designated and restricted assets, and certificates of deposits.

**G. Capital Assets, Net of Accumulated Depreciation  
- Temple Utilities Authority.**

Capital assets for the Temple Utilities Authority are recorded at their historical cost. These assets are depreciated over the estimated useful life of the related asset.

**H. Compensated Absences.**

The Town and Authority employees are granted vacation and sick leave in varying amounts. Employees are allowed to accumulate up to 25 days sick leave. Vacation leave cannot accumulate nor be carried from year to year. In the event of termination, an employee is paid for earned vacation time but not for accumulated sick leave. The Town and Authority record compensated absences expenditures (expenses) at the time they are claimed and paid.

**TOWN OF TEMPLE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (continued).**

**I. Fund Balance Classifications.**

The following fund balance classifications have been required by the Governmental Accounting Standards Board:

Nonspendable - Amounts that are not in a spendable form or are required to be maintained intact.

Restricted - Amounts that can be spent only for the specific purposes stipulated by external resource providers, or through enabling legislation. Effectively, restrictions may be changed or lifted only with the consent of resource providers.

Committed - Amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned - Amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned - residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.



**TOWN OF TEMPLE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. Summary of Significant Accounting Policies (continued).**

**I. Fund Balance Classifications (continued).**

Generally, the Town would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**2. Cash in Bank, Certificate of Deposits and Restricted Assets.**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town has a policy of requiring collateral for amounts in excess of FDIC insurance levels.

The Town's cash in bank and certificates of deposits, including those designated and restricted held at June 30, 2022, are insured or collateralized as noted below:

<u>Total Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured by Federal Depository Insurance	\$ 250,000	\$ 250,000
Uninsured but Collateralized	822,469	825,830
Total Deposits	<u>\$1,072,469</u>	<u>\$1,075,730</u>

Authorized investments by state statute include certificate of deposits, obligations of the U. S. Treasury, and funds secured by obligations of the U. S. Treasury.

The designated assets for landfill assurance totaling \$39,124 are funds held in savings and designated by the Board of Trustees to be used for the landfill financial assurance closure costs.

Restricted landfill financial assurance certificate of deposits of \$129,745 are funds restricted for landfill closure costs as required by the Oklahoma Department of Environmental Quality. The local bank has issued a letter of credit of \$100,000 to give a combined financial assurance of \$229,745 at June 30, 2022.

**TOWN OF TEMPLE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**2. Cash in Bank, Certificate of Deposits and Restricted Assets**  
**(continued) .**

The designated water escrow account of \$21,659 are funds held in escrow by the Waurika Lake Master Conservancy District for the purchase of additional water storage area as approved by the Board of Trustees on November 19, 2007. The District does pay the Town interest on this escrow account and adds it to the principal balance. Whether or not these escrow funds are insured, collateralized, or invested is not known. The District did not confirm what the balance was on this account so the report was modified and the Town or Authority does not have adequate documentation for the changes in the balance. The balance was changed to the amount shown in the Conservancy District Board minutes as of June 30, 2022.

The restricted debt service funds of \$18,598 for the Authority are funds transferred monthly to the Waurika Lake Master Conservancy District to accumulate payments for the principal and interest payment due on the long-term debt to the Waurika Lake Master Conservancy District as more fully described below. The restricted debt service reserve funds of \$5,647 were funds retained by the trustee when the loans were refinanced. Whether or not these debt service and debt service reserve funds are insured, collateralized, or invested is not known.

Other designated and restricted cash in bank and certificates of deposits for the Temple Utilities Authority consist of the following:

	<u>Designated</u>	<u>Restricted</u>
Designated by Board of Trustees for:		
Equipment Replacement	\$ 25,000	
Repairs to Waurika Project Master Conservancy District Supply Lines	103,232	
Matching Funds for Potential CDBG Grant	64,511	

**TOWN OF TEMPLE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**2. Cash in Bank, Certificate of Deposits and Restricted Assets**  
**(continued) .**

	<u>Designated</u>	<u>Restricted</u>
Utility Bill Increase to:		
Accumulate Funds for Future		
Purchase of Replacement Trash		
Truck	131,132	
Accumulate Funds for Maintenance/ Emergency	21,539	
Restricted Assets for:		
Customer Deposits which are offset by a related liability payable.		\$ 42,113
Payments Collected for Others		25
Total	<u>\$ 345,414</u>	<u>\$ 42,138</u>

**3. Capital Assets, Net of Accumulated Depreciation -**  
**Temple Utilities Authority.**

	<u>Primary Government</u>			
	<u>Balance</u>			<u>Balance</u>
	<u>June 30,</u>			<u>June 30,</u>
<u>CAPITAL ASSETS</u>	<u>2021</u>	<u>Additions</u>	<u>(Deletions)</u>	<u>2022</u>
Business-type Activities:				
Cost:				
Land*	\$ 30,040	\$	\$	\$ 30,040
Buildings	44,809			44,809
Water & Sewer				
System	1,965,980	38,430	(5,814)	1,998,596
Trash System	53,387		(53,387)	-0-
Water Rights	674,744			674,744
Equipment	157,845	41,402		199,247
Vehicles	157,376	3,000		160,376
Total Costs	<u>3,084,181</u>	<u>82,832</u>	<u>(59,201)</u>	<u>3,107,812</u>

TOWN OF TEMPLE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022

3. Capital Assets, Net of Accumulated Depreciation -  
Temple Utilities Authority (continued).

<u>CAPITAL ASSETS</u>	<u>Primary Government</u>			<u>Balance June 30, 2022</u>
	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>(Deletions)</u>	
Less Accumulated Depreciation:				
Buildings	(39,925)	( 972)		(40,897)
Water & Sewer System	(1,353,703)	(50,497)	5,814	(1,398,386)
Trash System	(53,387)		53,387	-0-
Water Rights	(103,460)	(13,495)		(116,955)
Equipment	(94,561)	(13,785)		(108,346)
Vehicles	(153,526)	( 1,650)		(155,176)
Total Accum. Depreciation	<u>(1,798,562)</u>	<u>(80,399)</u>	<u>59,201</u>	<u>(1,819,760)</u>
Net Business- type Activ- ities	<u>\$1,285,619</u>	<u>\$ 2,433</u>	<u>\$ -0-</u>	<u>\$1,288,052</u>

\* non-depreciable

Depreciation expense of \$80,399 is not allocated between functions/programs. The Authority wrote off \$59,201 of obsolete fully depreciated assets.

Temple Utilities Authority only capitalizes and depreciates assets with a historical cost equal to or greater than \$1,000 and with a useful life greater than one year.

4. Long-term Liabilities.

On January 10, 1978, the citizens of the Town of Temple approved for the Town to enter into a long-term contract with the Waurika Lake Master Conservancy District (the District) for participation in construction costs and operations of the District. The Town's share

**TOWN OF TEMPLE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**4. Long-term Liabilities (continued).**

of the original estimated construction costs was \$724,780. If the actual project construction costs should vary from the estimates in the contract, then the Town's pro-rata portion will be adjusted accordingly. The District refinanced this liability effective July 1, 2015, after all the participating municipalities approved it. The Town signed its approval on November 3, 2015, and is accounting for the refinanced loan through the Temple Utilities Authority. Total amount refinanced, including the debt issuance costs, was \$439,166. Terms call for interest at 3% with a variable schedule of principal and interest payments payable every six months beginning September 1, 2015 until maturity on March 1, 2031. The revenues from the water system are pledged as security for the repayment of this obligation.

On November 1, 2010, the Town and Authority entered into an addendum of its contract with the Waurika Lake Master Conservancy District to purchase additional storage capacity for the Town. The addendum specifically states the Authority is liable to pay the debt service amounts. The Authority's portion of the additional debt is \$240,972 (0.862% of the total District's obligation). Payments are made annually on October 1 over a 25 year period. The addendum contract has a stated principal and interest repayment schedule. It has no stated interest rate on the contract. The revenues from the water and sanitary sewer system are pledged as security for the repayment of this obligation. On November 1, 2017, the Town and Authority approved the refinancing of this contract to lower the interest costs. Interest is now paid semi-annually.

The Authority has entered into another addendum to the District's contract to finance certain water system improvements, including dredging the intake channel, replacing intake gates, and constructing an alternate intake structure effective July 1, 2015. Amount financed (including debt issuance costs and debt service reserve account) was \$79,121 with a variable interest rate and variable principal and interest repayment schedule every six months beginning April, 1, 2016 and ending October 1, 2035. The revenues from the water and sanitary sewer system are pledged as security for the repayment of this obligation.

**TOWN OF TEMPLE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**4. Long-term Liabilities (continued).**

The Authority entered into a lease purchase agreement to purchase a 2020 John Deere 35G Compact Excavator on December 20, 2019. Purchase price was \$49,500. Terms are monthly payments of \$1,438 at 2.95% interest over 36 months.

The following is a summary of the Authority's long-term debt transactions for the year ended June 30, 2022:

	Balance June 30, 2021	New Debt	Principal Repayment	Balance June 30, 2022	Due Within One Year
Waurika LMC Dist.	\$164,254	\$	\$ 8,491	\$155,763	\$ 8,835
Waurika LMC Dist. Re- financed from Town	287,237		17,647	269,590	26,518
Waurika LMC Dist.	61,523		926	60,597	3,461
Capital Lease	25,297		16,740	8,557	8,557
Total	<u>\$538,311</u>	<u>\$</u>	<u>\$ 43,804</u>	<u>\$494,507</u>	<u>\$ 47,371</u>

The following schedule of maturities of the long term debt repayment requirements follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2023	47,371	15,954
2024	39,930	14,743
2025	41,132	13,572
2026	42,257	12,306
2027	43,655	10,913
2028 - 2032	206,095	32,087
2033 - 2036	74,067	6,252
Total	<u>\$ 494,507</u>	<u>\$ 105,827</u>

**TOWN OF TEMPLE, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**4. Long-term Liabilities (continued).**

The following is schedule by years of future minimum lease payments under capital leases as of June 30, 2022.

Year Ending	
June 30	
<u>2023</u>	\$ 8,631
Net Minimum	
Lease Payments	8,631
Less Amount	
Representing	
Interest	<u>( 74)</u>
Present Value	
of Net Minimum	
Lease Payments	<u>\$ 8,557</u>

**5. Volunteer Firemen Pension.**

**Plan Description.** The Town participates in the Oklahoma Firefighters Pension and Retirement System (the Plan) for its volunteer fire fighters. The Plan provides retirement, death and disability benefits to plan members and beneficiaries. The Plan is an agent multiple-employer (or municipality) contributory defined benefit pension plan. The authority to amend and establish the benefit provisions of the Plan rests with the Board of Trustees of the Plan. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Oklahoma Fire Pension and Retirement System, c/o Oklahoma State Fire Fighters Association, 4545 N. Lincoln Blvd., Oklahoma Town, OK 73105-3414.

**Funding Policy.** Voluntary firemen do not contribute to the Plan. The Town contributes \$60 for each volunteer fireman as set by the Oklahoma Statutes. Historically, the State contributes 34% of the Insurance Premium Tax to the plan.

**Annual Pension Cost.** During the year ended June 30, 2022, the Town made a \$600 contribution to the Plan. The actuarial valuation report, dated July 1, 2022, does not give disclosure information by municipality or employer.

**TOWN OF TEMPLE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**5. Volunteer Firemen Pension (continued).**

**Actuarial Assumptions.** Significant actuarial assumptions used include: (a) a rate of return on the investment of present and future assets of 7.5%, and (b) a constant benefit level. The actuarial value of the Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of the insurance premium tax allocation fund on a closed basis. The remaining amortization period at July 1, 2022, was 11 years.

Historical three and ten year trend information are not available.

**6. Risk Management.**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Town purchases commercial insurance to reduce their risk of loss. These insurance policies have a deductible ranging from zero to \$2,500, depending upon the coverage and item covered.

The Town also participates in a workers compensation plan that carries a requirement for a self-funded retention level. The amount of the Town's loss retention level at June 30, 2022, is estimated to be \$15,624. The workers compensation plan purchases excess workers compensation insurance so the Town's liability is limited to their loss retention level. The Plan holds an escrow account for the Town that has a balance of \$35,086 at June 30, 2022. The Town's municipal liability protection plan and municipal property protection plan also has a loss retention level. This amount is \$4,962 and \$ -0-, respectively, at June 30, 2022.

**7. Landfill Closure and Post Closure Care Costs.**

The Town is operating a construction and demolition landfill under a permit granted by the Oklahoma Department of Health. State and federal laws and regulations impose strict and expensive requirements for monitoring closed landfills and for



**TOWN OF TEMPLE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**7. Landfill Closure and Post Closure Care Costs (continued).**

the correction of any potential environmental problems caused by the landfill. The Town has provided financial assurance for the operation, closure, and post-closure monitoring of the landfill through a certificate of deposit and letter of credit issued by their local bank. The local bank has established a certificate of deposit with a balance of \$129,745 and issued a letter of credit for \$100,000 to give a combined financial assurance of \$229,745 as June 30, 2022. ODEQ also has \$83 on deposit from the Town. The estimated closure and post-closure costs is approved annually by the Oklahoma Department of Environmental Quality (ODEQ). On November 17, 2022, ODEQ has approved the closure cost estimate of \$141,129 and post-closure cost estimate of \$87,752. Total is \$228,881.

Since the Town reports on the modified cash basis, the related liability and related amortization are not recorded in these financial statements.

**8. Government-wide Net Assets - Restricted Net Assets.**

Net Assets - Restricted are amounts restricted for landfill post-closure costs, street and alley fund, and debt service funds.

**9. Interfund Transfers.**

The Town periodically makes transfers to different funds to move funds from the other funds to increase their liquidity and ability to purchase goods and services. Interfund transfers for the year ending June 30, 2022, consisted of liquidity as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers (Out)</u>
Governmental Funds:		
General Fund	\$	\$ (100,326)
Landfill Fund	11,736	
Business-type:		
Temple Dev. Trust		( 1)
Temple Utilities	100,327	( 11,736)
Totals	<u>\$112,063</u>	<u>\$ (112,063)</u>

**TOWN OF TEMPLE, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**10. Commitments.**

The Town and Authority has various grants and loan commitments existing at June 30, 2022. These grants and loan commitments are for the Water Plant renovations and improvements. The Town has received approval for a Rural Economic Action Plan (REAP) grant for \$136,364, Indian Health Service grant of \$25,100, American Rescue Plan Act of \$159,163 with \$79,206 funded as of June 30, 2022, and an Oklahoma Department of Commerce Community Development Block Grant of \$135,491. The Authority has received approval for a loan from the Oklahoma Water Resources Board which has been increased on December 8, 2022 to \$1,000,000. As delays have been experienced and costs have gone up, the Town and Authority have sought and received additional funding after its fiscal year end.

## OTHER SUPPLEMENTAL INFORMATION

**TOWN OF TEMPLE, OKLAHOMA**  
**STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND - MODIFIED CASH BASIS**  
**YEAR ENDED JUNE 30, 2022**

	<b>BUDGET</b>			<b>VARIANCE -</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	<b>FAVORABLE</b>
				<b>(UNFAVORABLE)</b>
<b>REVENUES</b>				
Sales and Use Tax	\$ 166,285	\$ 166,285	\$ 191,689	\$ 25,404
Cigarette Tax	1,212	1,212	1,288	76
Franchise Tax	20,854	20,854	22,795	1,941
Intergovernmental Revenue	30,930	30,930	166,980	136,050
Interest	115	115	25	(90)
Fees and Permits	5	5		(5)
Refund of Loss Reserves			1,642	1,642
Sales of Assets			600	600
Rentals/Leases	1,450	1,450	2,746	1,296
Other	2,300	2,300	1,157	(1,143)
<b>TOTAL REVENUES</b>	<b>223,151</b>	<b>223,151</b>	<b>388,922</b>	<b>165,771</b>
<b>EXPENDITURES</b>				
Personal Services	70,637	70,637	46,403	24,234
Maintenance and Operations	108,250	108,250	120,015	(11,765)
Capital Outlay	50,000	50,000	17,917	32,083
<b>TOTAL EXPENDITURES</b>	<b>228,887</b>	<b>228,887</b>	<b>184,335</b>	<b>44,552</b>
<b>EXCESS OF REVENUES OVER</b>				
<b>(UNDER) EXPENDITURES</b>				
<b>BEFORE OTHER FINANCING</b>				
<b>SOURCES (USES)</b>	(5,736)	(5,736)	204,587	210,323
<b>OTHER FINANCIAL</b>				
<b>SOURCES (USES)</b>				
Transfers (Out)			(100,326)	(100,326)
<b>EXCESS OF REVENUE AND</b>				
<b>OTHER FINANCING SOURCES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<b>\$ (5,736)</b>	<b>\$ (5,736)</b>	<b>104,261</b>	<b>\$ 109,997</b>
<b>FUND BALANCE</b>				
Beginning of Year			154,316	
End of Year			<b>\$ 258,577</b>	

See the accompanying auditor's report.

**TOWN OF TEMPLE, OKLAHOMA**  
**STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**LANDFILL FUND - MODIFIED CASH BASIS**  
**YEAR ENDED JUNE 30, 2022**

	<b>BUDGET</b>			<b>VARIANCE - FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
<b>REVENUES</b>				
Charges for Services	\$ 43,500	\$ 43,500	\$ 41,732	\$ (1,768)
Interest	70	70	523	453
Insurance Proceeds			10,780	10,780
Other	185	185		(185)
<b>TOTAL REVENUES</b>	<b>43,755</b>	<b>43,755</b>	<b>53,035</b>	<b>9,280</b>
<b>EXPENDITURES</b>				
Personal Services	25,570	25,570	36,538	(10,968)
Maintenance and Operations	43,095	43,095	20,176	22,919
Capital Outlay			12,858	(12,858)
<b>TOTAL EXPENDITURES</b>	<b>68,665</b>	<b>68,665</b>	<b>69,572</b>	<b>(907)</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>(24,910)</b>	<b>(24,910)</b>	<b>(16,537)</b>	<b>8,373</b>
<b>OTHER FINANCIAL SOURCES (USES)</b>				
Transfers In	11,736	11,736	11,736	0
Transfers (Out)				0
<b>EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<b>\$ (13,174)</b>	<b>\$ (13,174)</b>	<b>(4,801)</b>	<b>\$ 8,373</b>
<b>FUND BALANCE</b>				
Beginning of Year			179,912	
End of Year			<u>\$ 175,111</u>	

See the accompanying auditor's report.

TOWN OF TEMPLE, OKLAHOMA  
COMBINING STATEMENTS OF ASSETS, LIABILITIES, AND FUND EQUITY  
OTHER GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
JUNE 30, 2022

	NONMAJOR SPECIAL REVENUE FUNDS			TOTAL OTHER
	STREET & ALLEY FUND	VOLUNTARY FIREFIGHTERS FUND	COURT FUND	GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash in Bank	\$ 35,619	\$ 43,152	\$ 3,467	\$ 82,238
				0
<b>TOTAL ASSETS</b>	<u>\$ 35,619</u>	<u>\$ 43,152</u>	<u>\$ 3,467</u>	<u>\$ 82,238</u>
<b>LIABILITIES</b>				
Accounts Payable	\$	\$	\$	\$ 0
<b>FUND BALANCE</b>				
Restricted	35,619			35,619
Assigned		43,152	3,467	46,619
<b>TOTAL FUND BALANCE</b>	<u>\$ 35,619</u>	<u>\$ 43,152</u>	<u>\$ 3,467</u>	<u>\$ 82,238</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 35,619</u>	<u>\$ 43,152</u>	<u>\$ 3,467</u>	<u>\$ 82,238</u>

See accompanying auditor's report.

**TOWN OF TEMPLE, OKLAHOMA**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - OTHER GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**YEAR ENDED JUNE 30, 2022**

	<b>NONMAJOR SPECIAL REVENUE FUNDS</b>			<b>TOTAL OTHER GOVERNMENTAL FUNDS</b>
	<b>STREET &amp; ALLEY FUND</b>	<b>VOLUNTARY FIREFIGHTERS FUND</b>	<b>COURT FUND</b>	
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 9,111	\$ 6,443	\$	\$ 15,554
Court Revenue			883	883
Interest		51		51
Donations		19,857		19,857
Other	1,960	141		2,101
<b>TOTAL REVENUES</b>	<b>11,071</b>	<b>26,492</b>	<b>883</b>	<b>38,446</b>
<b>EXPENDITURES</b>				
Personal Service				0
Maintenance & Operations	4,906	12,031	98	17,035
Capital Outlay	1,995			1,995
<b>TOTAL EXPENDITURES</b>	<b>6,901</b>	<b>12,031</b>	<b>98</b>	<b>19,030</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,170</b>	<b>14,461</b>	<b>785</b>	<b>19,416</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In				0
Transfers (Out)				0
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>	<b>4,170</b>	<b>14,461</b>	<b>785</b>	<b>19,416</b>
<b>FUND BALANCE</b>				
Beginning of Year	31,449	28,691	2,682	62,822
				0
<b>End of Year</b>	<b>\$ 35,619</b>	<b>\$ 43,152</b>	<b>\$ 3,467</b>	<b>\$ 82,238</b>

See accompanying auditor's report.

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# McCulley

*Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Town Trustees  
Town of Temple, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Temple, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Temple, Oklahoma's, financial statements and have issued our report dated February 28, 2023. Our audit report was qualified for the business-type activities and Temple Utilities Authority because we were unable to obtain sufficient audit evidence for certain long term liabilities, water storage escrow account, and debt service funds. The remainder of the Town's financial statements audit report was unmodified. The Town reports its financial statements on the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the accompanying financial statements, we considered the Town of Temple's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose



of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the statement of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses. We consider the deficiency #1 described in the accompanying statement of findings and responses to be a material weakness.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed one instance of noncompliance or other matters as reported in the statement of findings and responses as item #2 that are required to be reported under Government Auditing Standards.

#### **Town of Temple, Oklahoma's, Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Temple, Oklahoma's, response to

the findings identified in our audit is described in the accompanying statement of findings and responses. The Town of Temple's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Weatherford, Oklahoma

February 28, 2023

**TOWN OF TEMPLE  
STATEMENT OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2022**

**1. Inadequate Segregation of Duties.**

**Condition** - There is a lack of segregation of duties among personnel that would allow the internal control over financial reporting and compliance with grant programs to function appropriately. The cause of this condition is the limited size of the staff of the Town and Authority. The Town and Authority only has two full time administrative staff people.

**Criteria** - Internal controls should be in place that would provide reasonable assurance that all of the Town and Authority's assets are properly safeguarded.

**Recommendation** - Recommend the Town and Authority continue to monitor this situation and segregate duties to the extent possible if new staff are hired.

**Response** - The Town and Authority considers hiring additional staff as not being economically feasible.

**2. Noncompliance with Public Water Supply Environmental Regulations.**

**Condition** - The Authority operates a public water supply system. The Oklahoma Department of Environmental Quality (ODEQ) has issued a consent order dated January 18, 2022, for noncompliance with Stage 2 Disinfection Byproducts Rule. The consent order contained a cash penalty of \$500 and requires the Authority to perform certain tasks within a specified time frame to achieve compliance. The Authority paid the \$500 fine and has complied Tasks A and B of this consent order. On December 7, 2022, ODEQ issued an addendum to this consent order requiring additional tasks to be completed within a specified time frame. Failure to comply with the consent order could result in additional penalties being assessed and additional enforcement action being taken.

**Criteria** - The Oklahoma Department of Environmental Quality has regulatory jurisdiction and authority to ensure public water supply operations are safe to the public and for enforcement of public water supply laws and regulations. Failure to comply with these laws can result in being assessed additional penalties.

TOWN OF TEMPLE  
STATEMENT OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2022

2. Noncompliance with Public Water Supply Environmental Regulations (continued).

**Recommendation** - The Authority should work with the ODEQ to achieve compliance.

**Response** - The Authority plans to work with the ODEQ to achieve compliance. It was been seeking funding from grants and other sources to update the public water supply system.

**TOWN OF TEMPLE**  
**UPDATE ON PRIOR YEAR AUDIT FINDINGS AND RESPONSES**  
**JUNE 30, 2022**

**1. Inadequate Segregation of Duties.**

**Condition** - There is a lack of segregation of duties among personnel that would allow the internal control over financial reporting and compliance with grant programs to function appropriately. The cause of this condition is the limited size of the staff of the Town and Authority. The Town and Authority only has two full time administrative staff people.

**Criteria** - Internal controls should be in place that would provide reasonable assurance that all of the Town and Authority's assets are properly safeguarded.

**Recommendation** - Recommend the Town and Authority continue to monitor this situation and segregate duties to the extent possible if new staff are hired.

**Response** - The Town and Authority considers hiring additional staff as not being economically feasible.

**Updated Comment** - Situation the same. Comment repeated.

**2. Summarizing and Reconciling the Utility Billing Records.**

**Condition** - The Authority did not prepare the monthly summary /reconciliation report for the utility billing activity for fiscal years after 2017. The effect of this condition did not affect the financial statements since the Authority reports on the modified cash basis. However, proper internal controls would require these reconciliations be done timely (ie. monthly) so that all activity (including adjustments and write-offs) are properly approved and recorded. The Authority also did not reconcile monthly the customer meter deposits outstanding reports to the respective general ledger accounts. At the end of the fiscal year, the customer meter deposits outstanding also had an unknown, but immaterial, difference. During testing in the prior fiscal years, noted at least one transaction where the meter deposit was taken off the billing program but the actual cash transfer/deposit refund was never done. Also noted some timing differences since billing records and accounting records were posted on different dates.

**TOWN OF TEMPLE**  
**UPDATE ON PRIOR YEAR AUDIT FINDINGS AND RESPONSES**  
**JUNE 30, 2022**

**2. Summarizing and Reconciling the Utility Billing Records  
(continued) .**

Also noted some meter deposits received that were not on the billing records, and some that were refunded or paid to the Authority that were not taken off the billing records.

**Criteria** - Management should establish effective internal controls to ensure all utility billing and customer meter deposits activity are appropriately accounted in the billing records and accounting records.

**Recommendation** - The Authority should prepare the utility billing activity report monthly and reconcile it monthly to the end of month balance shown on the billing journal or end of month aging report. This report would be prepared from the documentation maintained in the billing files. This would ensure accuracy and accountability within the billing system and all relevant reports are printed and in the file. The Authority should also reconcile the customer meter deposit outstanding print-outs (which would include both active and inactive accounts) to the accounting records. This would ensure that all activity is posted to the accounting records and that both programs are in agreement. Posting dates on the billing records and accounting records should be on the same date.

**Response** - The Authority recently had a change in employees in the billing department. They will work on reconciling these accounts timely in the future.

**Updated Comment** - The Authority did implement the monthly summarizing and reconciling the utility billing activity for this fiscal year with the accounting records. Although the meter deposits did not have an official reconciliation done, the Authority's outstanding balance was easily reconciled. Current employees exhibit the ability to be able to reconcile these as well. Consequently, this comment will be removed for the current audit.

**TOWN OF TEMPLE**  
**UPDATE ON PRIOR YEAR AUDIT FINDINGS AND RESPONSES**  
**JUNE 30, 2022**

**3. Noncompliance with Public Water Supply Environmental Regulations.**

**Condition** - The Authority operates a public water supply system. The Oklahoma Department of Environmental Quality (ODEQ) has issued a consent order dated January 18, 2022, for noncompliance with Stage 2 Disinfection Byproducts Rule. The consent order contained a cash penalty of \$500 and requires the Authority to perform certain tasks within a specified time frame to achieve compliance. Failure to comply with the consent order could result in additional penalties being assessed and additional enforcement action being taken.

**Criteria** - The Oklahoma Department of Environmental Quality has regulatory jurisdiction and authority to ensure public water supply operations are safe to the public and for enforcement of public water supply laws and regulations. Failure to comply with these laws can result in being assessed additional penalties.

**Recommendation** - The Authority should work with the ODEQ to achieve compliance.

**Response** - The Authority plans to work with the ODEQ to achieve compliance. It was been seeking funding from grants and other sources to update the public water supply system.

**Updated Comment** - Situation the same with the ODEQ adding additional requirements to the consent order. Comment revised.